



NATIONAL INSTITUTE OF HEALTH POLICY

Advancing health policy dialogue in the Upper Midwest

Commentary from Dave Durenberger

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Another Senate Election Week

The second week in May was “Health Week” – caps on medical malpractice and association health plans were debated, and nothing happened.

The second week in June finds the Congress debating the same-sex marriage amendment, the estate tax, and flag-burning. And nothing will happen.

Last week I met an old friend, who happens to be a prominent Minnesota radiologist. He told me the last seven years of his life have been a gift from stem cell donors. An actual Republican in his time, who sent his son to D.C. in the 1980s to work for me, he wanted to know if there was any chance that his “pro-life party” would ever honor the need to save life by approving embryonic stem cell research with legal (“or constitutional,” he said) safeguards against exploitation of embryonic life.



See [*“Leave to state and church their own Roles”*](#) by J. Brian Atwood, dean of the University of Minnesota’s Humphrey Institute and retired administrator of the USAID, to prove Republicans still have the bible belt bamboozled.

This week *Nature* published research on *Europasaurus holgeri*, the four-legged dinosaur that shrunk to one-third its original size over the years on an isolated island in Germany. And so it with today’s Congress. Isolated in D.C. from the reality that is the United States.

ESTATE TAX

The GOP’s attempt to eliminate the federal estate tax would result in a 10-year cost to taxpayers of \$600 billion, to benefit 50,000 Americans who “can’t take it with them anyway.” They don’t want to pay a cent to the nation that fights their wars,



protects their borders and their bedrooms and subsidizes their many business successes with an Internal Revenue Code they and their lobbyists wrote.

Bill Gates, Sr. understands that Americans tax themselves

across the board so that each generation may be better off and that our economy may grow, and along with it, owners of business. At the end of life, that wealth accumulation, not the people who accumulated it, is partially taxed to be returned to the people of this country as reduced taxes on individuals. This is the estate tax that affects less than .05% of all Americans.

Democrat Senator Max Baucus is trying to find a compromise with a \$3.5 million graduated floor to a 46% tax. It reminds me of our first big tax reform bill in 1981, where Bill Armstrong (R-CO), Max and I tried to move the estate tax floor from \$600,000 to \$1 million. Today it's at \$2 million. Max has it about right!

Specialty Hospitals – What does the future hold?

Most are in agreement that come August 8, the moratorium on specialty hospitals will be lifted. Let the race begin!

CMS, however, believes a full-out race is not necessarily in the near future, and that collaboration may outpace competition. The agency believes the rebasing of certain surgical DRGs will help remove the financial incentives for specialty hospitals, or at least increase the incentives to collaborate with community hospitals. Some in the hospital industry don't buy it. "Full-service" community hospitals view the problem as whether or not doctors with ownership interest can pass the "smell-test" of self interest that colors judgment relative to patient well-being.

Those in the specialty hospital industry admit that the end of the moratorium will bring new hospitals. Some ambulatory surgery centers will convert to hospitals, and community hospitals will intensify efforts to create joint ventures with surgical specialty doctors, providing the latter with financial interest beyond compensation for surgical services. Even though the size of the benefit will not be commensurate with revenue from specialty hospitals, the trade-off will be a stake in the efficiency and effectiveness of staffing and operations, an additional voice in hospital operations, and the hospital's long-term commitment to the relationship rather than to the competition.

Is NIHP Ahead of our Time?

The cover story and editorial comments in *Modern Healthcare* this week raise the same questions we in the Upper Midwest raised at our annual NIHP meeting this past January. We started our program with six attacks on non-profit tax exemption for healthcare organizations. Sr. Carol Keehan from the Catholic Health Association (CHA) then provided a bridge in the conversation between the critics and the leadership of the Upper Midwest's non-profit health care systems.

She told us “we must shatter the myth that tax exemption is based solely on the amount of charity care that we provide. We must consistently and accurately account to our public for what we do for our communities.” More than 120 governance and executive leaders from different multi-stakeholder groups discussed the next step: Is there a place and a purpose for mission-driven health care in our communities?



The NIHP is starting the process of seeking foundation funding for a region-side study of community benefit, and more importantly, community accountability. The initiative would appropriately articulate the value of mission-driven healthcare in our community, develop community leadership and establish consensus policies – through active community input - around the definition and measurement of community benefit and community accountability for non-profit healthcare organizations.

Death of Consumer Directed Health Care?

The Citizens' Health Care Working Group published its interim recommendations last week, focused around “assuring health care is a shared social responsibility,” including that of the federal government. Both Greg Scandlen, president of Consumers for Health Care Choices (CHCC), and Grace-Marie Turner, president of the Galen Institute, view these recommendations as restrictive and a sure way to kill the consumer driven health care (CDHC) movement. Greg even calls them a move toward “paternalism, not empowerment.”

Perhaps that's one reason he has now started the CHCC Foundation – to better educate consumers on, and conduct research in, CDHC. And all at the tax-deductible benefit of its financial contributors. CHCC will continue to focus its efforts on advocacy.

But we should be so lucky that CDHC could be so easily killed. It can't – for two reasons. 1) For the 80+ percent of Americans who aren't using the expensive side of the system, CDHC represents relatively less-costly insurance protection against catastrophic loss; and 2) the consumers or the patients are critical to changing the real expensive part of the system - the overuse, underuse and misuse inherent in medical practice today. This patient participation is also essential to rebuilding the professional/patient relationship from the doctor-dominated industry in which we all grew up.

However, reading Greg Scandlen's warning label on the Citizens' Health Care Working Group reminds me of the AMA's death sentence imposed on the 1927-32 efforts by the Committee on the Cost of Medical Care, whose recommendations this sounds like. The AMA and the "Golden Rule" individual insurance market have similar financial stakes in their attacks which come 75 years apart. It's all about lowest common denominator medicine and medical insurance with no curbs on profit and no chance for value-driven purchasing.

Having watched the evolution from Pat Rooney and John Goodman into the "walmartizing" of the HMO, and from MSA to HSA/CDHC, I am well aware of the stakes for me as an aging policy maker. It's in my best interest – and that of my children and grandchildren – to live in communities of integrated health, medical and long term care systems. It is in such communities that responsibility is shared equally among consumer, professional and insurer, and where greater accountability is demanded of those whose mixed motives might conflict with serving the consumer's primary interest. Dis-integration is the goal of CDHC and its principal supporters in the individual insurance industry.

That's why Greg, like Paul Revere, is calling out the troops. "The British National Health Service is coming!"...I called to thank Greg last week for a marvelous piece of education work he did entitled "100 Years of Market Distortions." Both of us admire the sociologist Paul Starr for his "Social Transformation of American Medicine. And Greg admits to leaning heavily on Paul's shoulders for his epistle. But his solution for market failure won't cut it in our system.

Why Innovation in Health Care is so Hard

Regina E. Herzlinger tackles the issue of healthcare innovation in May 2006 *Harvard Business Review*. Herzlinger teaches "Innovation in Healthcare" at Harvard Business School and writes on consumer driven health care (CDHC). Her article describes the six forces at work to keep Americans from enjoying all the benefits and value our technological advances have to offer. Instead, the U.S. healthcare "system" suffers from high levels of patient and employee safety threats, low quality outcomes, ineffective and inefficient service, and declining access and satisfaction.

After “a decade of studying competition” in the American healthcare system, Harvard Business School professor Michael Porter, PhD, who will be speaking in Minneapolis in July, and professor Elizabeth Olmsted Teisberg, PhD, of Darden Graduate School of Business at the University of Virginia, have published their book “*Redefining Health Care: Creating Value-Based Competition on Results.*” It’s in bookstores now.

In the book, Porter and Teisberg support their claims that healthcare organizations “define their business too broadly, providers define their role too narrowly, and both are limited by a mindset that is too local.”

Medical Guesswork

In our last commentary, I was reminded of Arizona Heart Institute’s Dr. Edward Diethrich leading 1200 cardiovascular surgeons through his “ABC” guessing game of two angioplasty surgeries. After that commentary, a friend sent me to [Business Week Online’s](#) May 29th cover story on Dr. David Eddy, a U.S. pioneer of evidence-based medicine (EBM). Dr. Eddy has demonstrated time after time that “only 15% of what doctors do is backed by hard evidence.”

Among his famous exposés are the annual chest x-ray, the success rates for surgery on enlarged prostates, and preventing women who have had cesarean births from delivering a subsequent child without the same type of surgery.

All of us know that each of these successive exposés by Eddy of “half-baked” medicine have been kept from other doctors and from all of us patients by medical associations who are opposed to EBM or “cookbook medicine.”

Opposition to Eddy and EBM is alive and well in Minnesota today. The Minnesota Medical Association (MMA), while touting insurance reform, is sensitive to evidence-based medicine. Twila Brase and the Citizens’ Council on Health Care actively oppose both it and the healthcare information technology that makes it readily available to doctor and patient alike, as well as an “integrated delivery system.” Her views were expressed in yesterday’s [St. Paul Pioneer Press](#).



Booming Business in India

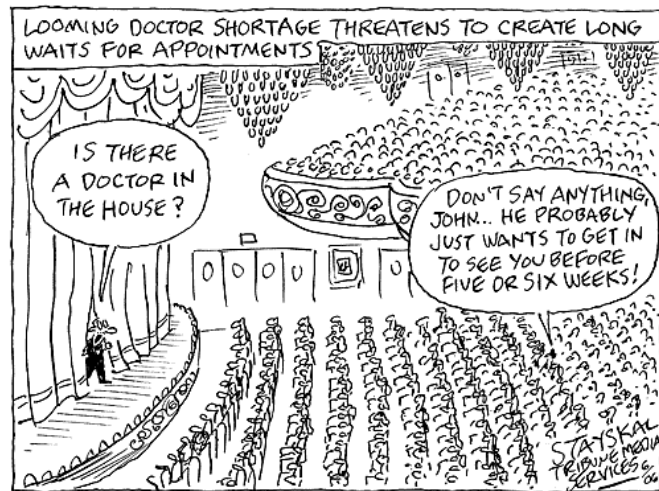
The Economist this week explains why Indian business is in vogue. India's growth in GDP over three years is 8.1%, despite one of the largest percentage of poor people in the world. India has a world-leading "demographic dividend" - it is young when everyone else is aged. 71 million people will be added to the nation's workforce in the next five years - nearly 25% of the world's new workers! India has a big lead on the rest of the world in the efficient use of technology - Indian firms have two-thirds of the world market in offshore IT and half its BPO. India is a genuine, and the second oldest, democracy in the world.

Comparing the U.S. Health System

First it was Britain, and now Canada. No matter what developed country you compare it to, the U.S. health care system just cannot seem to measure up.

Defenders of our "best healthcare system in the world" always say that lower costs elsewhere equate to longer wait times for elective surgery or diagnostics.

But research shows the U.S. is not far behind and gaining fast. The first sign was "concierge care" - pay \$3000 a year and you get your doctor to return your phone call. And with predictions of physician shortages, the problem of finding or retaining "your doctor" will only get worse, not better. What it means for patients is a decline in coordinated care, longer wait times for all physicians - primary care and specialists - and office visits that seem even more rushed.



And as doctors scramble to use their practice time most efficiently, this trend toward "concierge care" may be a good alternative for those wealthy enough to pay for their care in cash. But where does that leave the rest of Americans who need the coordinated care - and time - of "their" primary care physician?

Government Ethics – Who should we trust?

On Congressional ethics, the “Abramoff Web” story illustrates the fact that the appropriations process in Congress has run its course and needs to be replaced. It never had any value, except to those who served on the committee. It is totally unresponsive to “representative government;” it plays only by its own leaders’ rules; and in a time when only money (not policy) counts in Washington, its elimination could be the first step in “restoring character” to Washington, D.C.

Tom DeLay will leave the House of Representatives today - to return next week as a friend who can help raise campaign money, and, a year from now, as a multi-million dollar-a-year lobbyist who will actually be writing those checks. Yesterday he gave his GOP colleagues the same advice that lawyers for his fellow Texans - Lay and Skilling – tried to give their Houston jury: “Stand on principle and blame your problems on the media.” No contrition. No excuses about “time with family.” Maybe because his wife was always on his payroll.

NIHP Events

To better understand *The Medical Arms Race Syndrome (MARS)* -- the interplay between technological innovation, market forces, the role of government, and rising healthcare costs--the NIHP will host a series of dialogues in the coming 24 months. The series will use the NIHP’s neutral, multi-stakeholder forum to highlight the policy barriers and opportunities imbedded in the healthcare technology revolution. It will culminate in a national conference that focuses on the future of the healthcare facility and the promise of technology for changing where and how healthcare is delivered - ***“Where is My Nearest Healthcare Facility: Optimizing the Healing Power of Innovation.”***

The MARS series will include local, regional, and national conversations with national experts in medical and health information technology who will help chart a vision for our community in concert with hospital leaders, public payers, civic leaders, physicians, ancillary health professionals, policy-makers and educators.

For more information or to register for this first dialogue – ***“The Medical Arms Race Syndrome: Defining the Problem,”*** please visit the NIHP website at www.nihp.org.

Quotables

Former CA Republican Congressman (and Presidential candidate against Richard Nixon) Pete McCloskey is 78 years old and a candidate against GOP Congressman

Richard Pombo: “*Congressmen,*” he says, “*are like diapers. You need to change them often, and for the same reason.*”

Other News of Note

- ❖ The Institute for Clinical Systems Improvement (ICSI), a unique collaboration of health care organizations in Minnesota providing an objective voice dedicated to championing health care quality and best clinical practices, has announced the appointment of its second-ever president. Sanne Magnan, M.D., assumes her responsibilities for the position on July 1, 2006 - a position previously held by Gordon Mosser, M.D.

Dr. Magnan’s current responsibilities include her role as Vice President and Medical Director for Consumer Health at BlueCross BlueShield of Minnesota. She also practices part-time at the tuberculosis clinic at the St. Paul-Ramsey County Department of Health.

- ❖ Garrison Keillor, his new best friend, Meryl Streep, and director Robert Altman present an outstanding performance of [*A Prairie Home Companion*](#), the movie which chronicles a fictionalized version of Keillor’s long-running radio show of the same name. The movie opens in theaters this week.

- ❖ Being good Democrats, Senators Clinton and Obama are advocating a national solution to patient safety in hospitals - a national HHS Office of Patient Safety and Healthcare Quality. Unfortunately, it will most likely suffer the same fate as AHRQ at the hands of national associations of doctors who continue to resist change.

The better way is to follow the leadership of Minnesota Hospital Association’s (MHA) campaign to eliminate errors – a model that is being widely emulated across the country.

- ❖ The Citizens League will host its June Mind Opener to discuss large purchasers’ reactions to the report of the Medical Facilities Study Committee. “**Medical Facilities Mind Opener: More Choices. More Care. More Cost?**” will be held on June 20 at Minnesota Public Radio in St. Paul. To register, please visit the [Citizens League website](#), or call 651-293-0575, ext. 10.

- ❖ On May 19, **Ray Christiansen, M.D.**, was awarded the University of Minnesota’s Medical Alumni Society’s Harold S. Diehl Award. The Society’s most prestigious award for lifetime achievement, it is granted to individuals who have made outstanding contributions to the Medical School, the University, and the community.

Ray was honored for his lifelong commitment to improving patient care in Minnesota's rural areas. For decades, he has been a tireless advocate for patients and health care professionals in rural areas in several different roles: assistant dean for rural health at the University of Minnesota Medical School-Duluth; an empathetic family physician at the Gateway Family Health Clinic in Moose Lake; and a leader in several other rural health organizations. Congratulations to him for his dedication to our Minnesota communities!

- ❖ The **Citizens League** will also be hosting its Summer Policy Series: “*Where Are We Headed? The Future of Policymaking in Minnesota.*” Events include:
 - Wed., July 12: The Future of Politics: Policymaking and the Coming Demographic Change
 - Tues., July 25: The Future of Education: Redefining Schooling
 - Tues., Aug. 8: The Future of Health Care: Shifting the Focus from Treatment to Prevention
 - Tues., Aug. 22: The Future of the Web and Civic Engagement: What Happens When ‘MySpace’ Meets Our Space?

Please visit the [Citizens League website](#) for more information.

If you wish to no longer receive this commentary, please click [here](#).